

## Message Text

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ACTION IO-10

INFO OCT-01 ISO-00 COME-00 EB-07 AF-10 ARA-10 EA-10 EUR-12

NEA-10 RSC-01 OIC-02 L-02 CIAE-00 INR-07 NSAE-00 /082 W

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R 190902Z DEC 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 9733

UNCLAS GENEVA 7553

E.O. 11652: NA

TAGS: AORG WTO

SUBJ: WTO SECRETARY GENERAL OUTLINES PLANS, PROBLEMS

REF: GENEVA 7332

1. SYG LONATI INFORMED MISSION OFFICER DECEMBER 18 THAT WITH TRANS-  
FORMATION OF IUOTO INTO WTO NOW AN ESTABLISHED FACT, HE IS PLANNING  
TO CONVENE FIRST WTO ASSEMBLY: TO CIRCULATE DRAFT OF LUSAKA ASSESSMENT

FORMULA AND DRAF FINANCIAL REGULATIONS; AND SUBSEQUENTLY TO CIRCULATE  
REVISED PROPOSED WTO BUDGE FOR 1976-77.

2. HE SAID HE WOULD ALSO SEND ALL FORMER IUOTO MEMBERS LETER  
GUARANTEEING THAT IUOTO PROGRAM VOTED AT CARACAS IN 1973 WILL BE  
CONTINUED THROUGH 1975 AND REPEATING THAT DUES ARE PAYABLE WITH EFFECT

FROM JANUARY 1, 1975. HE SAID THA HE WOULD EDIT THE IUOTO STATIONERY  
HEADING TO READ "IUOTO, UNDER DIRECTION OF WORLD TOURISM ORGANIZATION  
"

OR WORDS TO THAT EFFECT TO INDICATE THAT IUOTO IN EFFECT, WAS STILL IN

BUSINESS BUT UNDER A NEW NAME AND MANAGEMENT.

3. LONATI SAID THAT A BUDGET SPECIALIST FROM THE CANADIAN NATIONAL  
TOURIST OFFICE WOULD COME TO GENEVA IN JANUARY TO ASSSIST  
HIM IN RE-DRAFTING PROPOSED WTO BUDGET FOR 1976-77  
ON PROGRAM BUDGET (PPBS) LINES. HE SAID HE WOULD WELCOME  
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US MISSION COLLABORATION IN THIS REDRAFING.

4. LONATI FELT FIRST ASSEMBLY WOULD HAVE TO BE CONVENED IN APRIL RATHER THAN LATE MARCH AS HE WOULD NEED MORE TIME FOR PREPARATION AND SWISS MIGHT BE HAVING CONFERENCE LOGISTICAL PROBLEMS IN MARCH.

5. ALTHOUGH HE AGREED FIRST WTO COUNCIL WOULD HAVE TO BE ELECTED AT FIRST SESSION OF WTO ASSEMBLY AND WOULD MEET AT THAT TIME, LONATI BELIEVED THAT NEW COUNCIL WOULD SIMPLY NOT BE ABLE TO APPROVE 1976-77 PROGRAM AND BUDGET AT ONCE. THINKING ALOUD, HE THOUGHT COUCIL COULD RECONVENE IN A MONTH AND THEN APPROVE BUDGET FOR FORWARDING TO SECOND OR EXTRAORDINARY SESSION OF ASSEMBLY. HE AGREED LATER WOULD HAVE TO BE CONVENED IN LATE JUNE IN ORDER TO PROVIDE REQUIRED SIX MONTHS NOTICE (FINANCIAL RULE 12) TO MEMBERS OF THEIR FINANCIAL ASSESSMEN FOR 1976-7.

6. IN THIS CONNECTION, LONATI STRESSED THAT, ACCORDING TO HIS LEGAL ADVISER, FINANCIAL RULES ATTACHED TO THE WTO STATUTES ARE MEANT TO GOVERN THE ORGANIZATION ONCE ESTABLISHED TO MAINAIN ORDERLY FINANCIAL/BUDGETARY PROCEDURES. HE SAID THEY WERE NOT ABSOLUTELY BINDING ON THE WTO DURING ITS INAUGURAL YEAR. HE NOTED, AS CONSULTATION GROUP HAD ALREADY CONCLUDED, THAT STRICT INTERPRETAION OF HE FINANCIAL RULES WOULD REQUIRE 15 MONTHS FOR ORGANIZATION TO GO INTO OPERATION FROM DATE STATUTES WENT INTO EFFECT, I.E., MARCH 1976. LONATI, THEREFORE, IS WILLING TO OBSERVE FINANCIAL RULE 12 STRICTLY BUT CALLS FOR "FLEXIBILITY" IN OBSERVING TIMING REQUIREMENTS OF RULE 9 IN ORDER TO PERMIT ORGANIZATION TO GO INTO OPERATION AS PLANNED ON JANUARY 1, 1976.

7. LONATI SAID THAT HE HAD RECEIVED FORMAL LETTERS FROM THE BRITISH AND IRISH TOURIST ADMINISTRATIONS PROTESTING THAT IUOTO HAD NOT BEEN FORMALLY DISSOLVED AS PROVIDED IN ARTICLE 17 OF THEIR STATUTES. LONATI STOOD FIRM ON THE POSITION THAT THE IUOTO-APPROVED WTO STATUES, WHICH WEN INTO EFFECT ON NOVEMBER 1, 1974, AUTOMATICALLY TRANSFORMED THE IUOTO INTO WTO AND NO OTHER LEGAL ACTION WAS REQUIRED TO TERMINATE IUOTO. THE WTO, OBVIOUSLY, IS USING THE STRUCTURE, STAFF AND FINANCES OF THE OLD IUOTO TO CARRY ON A PROGRAM IN 1975.

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8. LONATI STRESSED THAT HE COULD NOT SEND A FORMAL INVITATIION TO THE US TO ATTEND THE FIRST WTO ASSEMBLY UNTIL THE US DEPOSITED ITS FORMAL DECLARATION UTILIZING THE PROVISIONS OF ARTICLE 42 OF THE WTO STATUTES TO BECOME A MEMBER FOR THE PERIOD NOVEMBER 1974 TO OCTOBER 197. ABRAMS

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